

## **FISD Best Practice Recommendations for Internal Administrative Data Usage by Data Vendors and Consumers**

**Approved by FISD Executive Committee: December 16, 2008**

The purpose of this document is to recommend a standard policy under which Data Vendors and Consumers would be exempt from Content Providers' end user/variable fees for various forms of internal administrative usage of market data.

Distributors need to access real time (or other fee liable) data from Content Providers in order to support the ingest, development, display and onward distribution of such data to clients. It is generally accepted by many Content Providers that some types of "business critical" functions should not be subject to end user fees, as they are essential to enable the provision and support of data to clients.

This Best Practice Recommendation (BPR) provides a framework that can be adopted by Content Providers and incorporated into their agreements with Distributors to provide a clear understanding for all parties of usage made by Distributors that shall be exempt from fees. The adoption of such Best Practice would provide the following benefits:

- a) More consistency on the treatment of internal use of data by Distributors across Content Providers;
- b) Saving time and effort in negotiations on this particular usage;
- c) Increased clarity to all parties as to what is permitted, alleviating issues at audits;
- d) A level of comfort for Content Providers that Distributor's use of fee liable data is not being abused; and
- e) Increased transparency and a more level playing field in this area.

This BPR represents the collaborative work of the members of the FISD BIPPS (Business Issues Policy and Practice Standards) working group. It should not be assumed that it represents the contractual or policy approach of any FISD-member Content Provider.

Content Provider policies covering use of internal administrative usage free of fees should always be clear and easy to understand and it is important that Content Providers provide a clear understanding of what internal use is NOT free of fees. Recipients should have ready access to these policies via a mainstream source (e.g. Internet website access). Whenever a Content Provider makes a determination that a particular type of data usage is (or is not) free of charge or any policy interpretations related to administrative usage, it should make this interpretation public through its website and other policy communications without divulging any proprietary information about a particular Distributor.

The most practical way of administering a policy around internal usage (other than allowing all internal usage by Distributors to be free of charge) is to specify the functions to which fee exempt status applies. Having a policy which sets out a numerical limit, or which allows a limit to be agreed in advance, is very difficult and time consuming to administer, and does not take into account issues such as growth within Distributor companies, nor the difference between user IDs versus physical users. Additionally, policies which link the number of fee exempt users to the number of clients reported by the Distributor are often unrealistic and impossible for Distributors to monitor, and do not recognise the need for real time data within Distributor organisations to develop and support services, regardless of the number of external clients.

Where Content Providers already have broad fee waivers which cover all internal use by the Distributor, or which additionally provide fee-exempt status to other functions, such as news creation/reporting, then the Best Practice Recommendation should not over-ride these.

**Proposed Best Practice Recommendations:**

*“No End User Fees should be payable by the Distributor, members of the Distributor’s Group or third parties (e.g., Service Facilitators or contractors) acting on their behalf where the data is used for the purposes of technical development and operations, product development, quality assurance, quality control, customer support, sales and marketing. (Customer support usage does NOT include use of the data by the Distributor’s personnel to provide securities transaction services, or securities quotations, or otherwise support customers trading securities through the Distributor.) Distributor should not be required to include such usage as part of its regular reporting obligations, but should provide information on such usage at mutually agreed intervals or in the event of an audit.”*

There are equally circumstances where Consumer Firms, receiving data via a datafeed for use within their organisations, also need access to fee liable data for business critical functions. These may differ slightly to those applicable to Distributors, but fee exemption should at the least apply to technical operations, development and quality control. Content Providers should take this into account when formulating fee exemption policies.

**Proposed Best Practice Recommendation:**

*“No End User fees should be payable by Consumer Firms’ or third parties acting on their behalf, where the data is used for the purposes of technical development and operations, and quality control. A Consumer Firm should not be required to include such usage as part of its regular reporting obligations, but should provide information on such usage at mutually agreed intervals or in the event of an audit.”*

**Definitions:**

Contractor - A person or company with whom the distributor has contracted to perform services normally provided by an employee of the firm.

Service Facilitator - An organization that assists the Distributor in any aspect of its receipt, dissemination or other use of the Content Provider’s data but that is not required to enter into a direct agreement with the Content Provider.